

1. Describe how you might determine the marginal product of:
 - a) A running back
 - b) A quarterback
 - c) A lineman
 - d) A linebacker.
2. Suppose someone said to you that players on certain positions on a baseball team got paid more than others. Say, do second basemen make more money than shortstops or outfielders? How would you go about answering that question? Explain how your technique might also be useful for addressing the question of why secretaries and CEO's make different wages.
3. Now suppose someone said to you players on certain positions on a baseball team had more (or less) experience than players in other positions. E.g. catchers were younger and had less playing time than pitchers. How would you go about answering that question? Explain how your technique might also be useful for addressing the question of why doctors retire later in life than most other people.
4. Suppose there are two types of players, good and medium. The team demand curve for top-quality players is $Q = 27 - 5w$, and the market supply of top players is $Q = 4w$, where w is the wage in millions of dollars.
 - a) How many top-quality players will the team hire? What will they be paid?
 - b) What would happen to salaries and employment if league TV revenues decrease due to fan preferences for reality TV shows.
 - c) What impact would a minimum salary of \$4 million have on the labor market?
5. Explain and show using a graph why, at any given wage, a monopoly firm will hire less labor than the total employment if the industry were competitive.
6. Explain fully what would happen to the following if free agency were abolished and we went back to the reserve clause:
 - a) individual player salaries
 - b) team profits
 - c) competitive balance in the league
 - d) the length of player contracts
7. Suppose a college junior could earn a salary of \$500,000 by declaring himself eligible for the draft. If he waits until after his senior year, his salary will be \$600,000. If the interest rate is 8 percent, should he stay for his senior year or not? What should the player do if there is a 50% chance that the league will institute a rookie salary cap next year set at \$500,000?
8. How is the market for CEOs like a golf tournament?
9. Describe the history of the reserve clause in sports and the evolution to a free agency system. Describe events and use details from all four of the major sports.

10. How do the unions representing professional athletes differ from traditional unions?
11. What impact has Final Offer Arbitration played in baseball?
12. What happens to the magnitude of the DWL in Figure 9.2 if after the wage is agreed upon, demand for the sport falls?
13. Is it likely that professional golfers will unionize? Why or why not?
14. Show the impact of the *McNeil* decision on the contract zone between the NFLPA and the NFL. Justify your answer.
15. Discuss the recent findings in the economics literature on customer racial discrimination for baseball cards. In your discussion, describe the three forms of discrimination against an employee and the research method utilized by economists.
16. What men's and women's sports have recently been added to Marietta College? Have any been discontinued? Is the discontinuation worthwhile?
17. Use Becker's model to explain why employers who discriminate will likely experience lower profits for doing so.
18. Title IX compliance requires equal expenditures on men's and women's sports. True or False? Explain.
19. Suppose that the competitive wage in minor league baseball is \$20,000 per season. A minor league owner has a taste for discrimination against all nonwhite players. Her coefficient of discrimination against Latinos is 0.20, and her coefficient of discrimination against blacks is 0.18. What would she consider the wages of people who are members of these two groups to be? If the supply of players were perfectly elastic, how many of each group would be hired?
20. Why do colleges need the NCAA? What does the NCAA accomplish for colleges that their conference cannot accomplish? Give examples.
21. Performance enhancing drugs are an issue in college sports. Are players looking to gain absolute or relative advantage through these drugs? What are the benefits and costs of outlawing these drugs?
22. Discuss the possible implications of allowing schools to pay student athletes whatever level of compensation necessary to attract them to their programs. Discuss the implications of permitting colleges to use paid players that are not students.
23. Show, using supply and demand curves for labor for Division I and III, the effect of a new rule allowing Division III schools to pay athletes a one-time bonus for enrolling at their school.

24. Use game theory to describe how an effort by Duke and Michigan State to recruit a top basketball player might result in both committing NCAA recruiting violations, even though both would be better off if they didn't cheat.
25. Assume that you are the newly appointed head of the NCAA. Construct a framework for a new scholarship program that would entirely replace the existing system. What should be its fundamental tenets if:
- The primary goal is to ensure that athletes were not exploited.
 - The primary goal is to ensure that student-athletes receive degrees.
 - The primary goal is to simplify the system and reduce violations.
 - Your primary goal is to be reappointed.
26. What effect do the following have on an individual's decision to invest in athletic training versus academic training. In each case explain the direction and likely significance of the effect.
- Risk of career ending injury.
 - The probability of success in athletics.
 - An increase in the cost of college tuition.
 - An increase in the demand for professional sports.
27. Using the prisoners' dilemma, explain how major league sports teams have an incentive to collude when hiring players; also explain the incentive each team has to cheat on this collusive agreement. The fact that the collusive agreements frequently fail has led the leagues to implement other rules that restrict the competition for players. What are some of these rules, and how do they work?
28. Suppose a player is a free agent. He shops around with no particular team or regional preference and signs the best deal he can obtain, a 5-year, \$1,000,000 per year, *no cut* contract with some bonuses.
- What is it that determines this player's salary and value to the team?
- During the first year of the contract, the player has a phenomenal, far-better than expected season, and several teams try to trade for him.
- Describe what has happened to the demand for *tickets* for the team that owns the player.
29. Log on to the Economics of Sports web site at http://www.aw.com/leeds_vonallmen, and download the data from the icon marked "hockey salary dat." Use regression analysis to estimate a wage equation. If players are paid their marginal product, how much is an extra goal worth to the team? What performance indicators matter most? Least?

2007 Masters Tournament (\$7m purse)		
Position	Player	Earnings
1	Zach Johnson	\$1,305,000
2	Tiger Woods	\$541,333
2	Retief Goosen	\$541,333
2	Rory Sabbatini	\$541,333
5	Jerry Kelly	\$275,500
5	Justin Rose	\$275,500
7	Stuart Appleby	\$233,812
7	Padraig Harrington	\$233,812
9	David Toms	\$210,250
10	Vaughn Taylor	\$181,250
10	Luke Donald	\$181,250
10	Paul Casey	\$181,250
13	Ian Poulter	\$135,937
13	Vijay Singh	\$135,937
13	Tim Clark	\$135,937
13	Jim Furyk	\$135,937
17	Stewart Cink	\$108,750
17	Henrik Stenson	\$108,750
17	Tom Pernice Jr.	\$108,750
20	Lucas Glover	\$84,462
20	Mike Weir	\$84,462
20	John Rollins	\$84,462
20	Mark Calcavecchia	\$84,462
24	Phil Mickelson	\$63,800
24	Stephen Ames	\$63,800
24	Geoff Ogilvy	\$63,800
27	Davis Love III	\$53,650
27	K. J. Choi	\$53,650
27	Adam Scott	\$53,650
30	Fred Couples	\$43,085
30	Yong-Eun Yang	\$43,085
30	Dean Wilson	\$43,085
30	Scott Verplank	\$43,085
30	Lee Westwood	\$43,085
30	Robert Karlsson	\$43,085
30	Charles Howell III	\$43,085
37	J.J. Henry	\$31,900
37	Angel Cabrera	\$31,900
37	Rod Pampling	\$31,900
37	Jeev Milkha Singh	\$31,900
37	Brett Wetterich	\$31,900
37	Tim Herron	\$31,900

2007 Daytona 500 (\$18m purse)			
Pos	Driver	Sponsor / Car Make	Money
1	Kevin Harvick	Shell / Pennzoil Chevrolet	\$1,510,469
2	Mark Martin	U.S. Army Chevrolet	\$1,102,250
3	Jeff Burton	Cingular Wireless Chevrolet	\$ 819,216
4	Mike Wallace	Miccosukee Gaming and Resorts Chevrolet	\$ 615,658
5	David Ragan	AAA Ford	\$ 529,350
6	Elliott Sadler	Dodge Dealers / UAW Dodge	\$ 407,193
7	Kasey Kahne	Dodge Dealers / UAW Dodge	\$ 386,074
8	David Gilliland	M&Ms Ford	\$ 374,376
9	Joe Nemechek	CertainTeed Chevrolet	\$ 302,088
10	Jeff Gordon	DuPont Chevrolet	\$ 371,679
11	David Stremme	Coors Light Dodge	\$ 294,758
12	J.J. Yeley	Interstate Batteries Chevrolet	\$ 308,541
13	Reed Sorenson	Target Dodge	\$ 280,657
14	Boris Said	SoBe No Fear Ford	\$ 265,385
15	Robby Gordon	Jim Beam Ford	\$ 268,475
16	Johnny Sauter	Yellow Transportation Chevrolet	\$ 262,675
17	Sterling Marlin	Waste Management Chevrolet	\$ 266,483
18	Clint Bowyer	Jack Daniel's Chevrolet	\$ 275,520
19	Juan Pablo Montoya†	Texaco / Havoline Dodge	\$ 299,483
20	Casey Mears	National Guard / GMAC Chevrolet	\$ 275,225
21	Bobby Labonte	Cheerios Dodge	\$ 300,436
22	Dale Jarrett	UPS Toyota	\$ 259,575
23	Carl Edwards	Office Depot Ford	\$ 273,383
24	Kyle Busch	Kellogg's / CARQUEST Chevrolet	\$ 276,858
25	Greg Biffle	Amerquest Ford	\$ 276,075
26	Ricky Rudd	Snickers Ford	\$ 293,031
27	Matt Kenseth	DeWalt Ford	\$ 309,099
28	Denny Hamlin	FedEx Express Chevrolet	\$ 279,175
29	Martin Truex Jr.	Bass Pro Shops Chevrolet	\$ 290,820
30	Michael Waltrip	NAPA Auto Parts Toyota	\$ 258,050
31	Jamie McMurray	Crown Royal Ford	\$ 265,058
32	Dale Earnhardt Jr.	Budweiser Chevrolet	\$ 315,773
33	Tony Raines	Texas Instruments DLP HDTV Chevrolet	\$ 262, 583
34	Dave Blaney	Caterpillar Toyota	\$ 259,900
35	Ken Schrader	Little Debbie Ford	\$ 271,189
36	Jeff Green	Best Buy Chevrolet	\$ 259,025
37	Scott Riggs	Valvoline / Stanley Tools Dodge	\$ 259,158
38	Ryan Newman	Alltel Dodge	\$ 283,233